

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6229

BILL NUMBER: HB 1090

NOTE PREPARED: Nov 28, 2011

BILL AMENDED:

SUBJECT: Payment Plan to Remove Property From Tax Sale.

FIRST AUTHOR: Rep. Friend

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Payment Arrangements-* The bill applies statewide the authority that currently applies only in Lake County allowing the county auditor to remove real property from a tax sale if the county treasurer and the taxpayer agree to a mutually satisfactory arrangement for the payment of the delinquent taxes.

Failure to Pay- The bill establishes a period during which a taxpayer who fails to make a payment under the delinquent property tax payment arrangement may not enter into another arrangement.

Extension of Redemption Period- The bill allows the county treasurer to extend the tax sale redemption period applicable to a homestead if the county treasurer and the taxpayer agree to an arrangement for payment of the amount required for redemption before the expiration of the extended redemption period. The bill provides for cancellation of the agreement and the extension if the taxpayer fails to meet the terms of the agreement. The bill provides that the total amount required for redemption includes all taxes, special assessments, penalties, and fees on property that accrued after the tax sale.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Payment Arrangements-* There could be minimal expenditure savings in counties that would begin delinquency payment arrangements. The savings may include reduced printing,

postage, and publishing costs related to tax sale notices.

Failure to Pay- If a payment arrangement failed and the real property in question were again placed on the list of eligible properties for tax sale, a prohibition would be placed on the taxpayer from re-entering into another payment arrangement as specified in the bill.

Background: As of November 23, 2011, the Lake County Treasurer's Office had a delinquent payment agreement with 594 parcels that otherwise would be eligible for tax sale. Typical delinquent payment agreements range from 6 to 12 payment installments.

Explanation of Local Revenues: *Payment Arrangements-* Properties under a repayment agreement would remain on county tax rolls instead of being removed from the rolls during the process leading up to a tax sale. When a property goes to tax sale, payment of property taxes has generally stopped or become delinquent. Agreements would allow tax revenue from those properties to continue to be collected and distributed to various local units of government relying on property taxes as a source of revenue. The provision would require arrangement payments to be completed by the last business day before July 1 of the year after the year the agreement was reached.

Extension of Redemption Period- This provision would allow county treasurers and property owners more time to reach agreements for the owner to pay the amounts owed to save their property from tax sale and the county to receive a steady stream of back taxes without having to designate the property for a tax sale. Under current law, the redemption period is 120 days (roughly four months), if the county executive has acquired the lien for which the certificate of sale has not sold. This provision would allow a county to extend the redemption period to one year after the date of establishing a repayment agreement with the taxpayer.

Background: The following table illustrates the statewide history of parcels offered at tax sale by SRI in prior years. Seventy-five of 92 counties had their tax sales conducted by SRI during CY 2010. Seventy-six counties are scheduled to have tax sales conducted by SRI during CY 2011.

Tax Sales Conducted by SRI During CY 2010 and 2011.			
CY	Number of Parcels Offered for Tax Sale	Number of Parcels Sold	Number of Counties with Tax Sales During Year
2010	32,701	6,446	75
2011*	28,185	4,550	76
Total	60,886	10,996	
*Through November 2011.			

State Agencies Affected:

Local Agencies Affected: Counties.

Information Sources: Tim Rushenberg, President, SRI, 317-842-5818; Lake County Treasurer, 219-755-3760.

Fiscal Analyst: Chris Baker, 317-232-9851.